

Contact List of Montana Biodiesel Permits, Licenses, and Other Considerations
May 2007

Biodiesel Production or use and sale

- Alternate Fuel Refueling Property Tax Credit, Internal Revenue Service (IRS), Leslie Finlow, Branch Chief
- Biodiesel Blending and Storage Tank Credit, Montana Department of Revenue (DOR), Jim McKeon, Tax Specialist 406 444 1940
- Biodiesel Fuel Registration with Environmental Protection Agency (EPA), Jim Caldwell, 202 343 9303, caldwell.jim@epa.gov
- Biodiesel Fuel Registration with the Internal Revenue Service (IRS) Form 637, <http://www.epa.gov/otaq/regs/fuels/rfgforms.htm>, J. Craig Mazzolini, 406 761-1825.
- Biodiesel Fuel Registration for Ultra Low Sulfur Diesel Refinery with EPA, John Weihrauch, weihrauch.john@epa.gov, forms 3520-20A and 3520-20B1, <http://www.epa.gov/otaq/regs/fuels/rfgforms.htm>
- Commodity Conservation Credit Program License/eligibility (USDA, annual registration, funds through 2008)
- One-Stop Licensing (for retail pumps & tanks, convenience stores, etc), Department of Revenue, Vanessa Byers, 406-444-3506
- Montana Biodiesel Production Credit: Montana Department of Transportation (MDT), Vanessa Olson, Fuel Tax Management and Analysis Bureau Section Supervisor, 406 444 7276, volson@mt.gov
- Oil Seed Crushing and Biodiesel Production Facility Credit: DOR, Jim McKeon, Tax Specialist 406 444 1940 jmckeon@mt.gov
- Special Fuel Distributors License Tax: Montana Dept of Transportation, (MDT), Kathy Murphy, 406 444 9256, kmurphy@mt.gov
- Special Occupations Tax (U. S. BATF, only if ethanol is used)
- Volumetric 'Blender' Tax Credit information from the IRS (including Form 637, Form 720, Form 8849, Form 8864, and Form 4136 and others) are available at: <http://www.irs.gov/formspubs/lists/0,,id=97817,00.html> .

Construction and Land Use

- Boiler Operating Certificate: Montana Department of Labor and Industry (DLI)
- Boiler Operator's License: DLI, Boilers and Crane Inspector Section, 406 841 2368
- Building Permit (DLI Building Codes Bureau 406 841 2300, or Local Building Department)
- Commercial Device License, Meters and Weighting Devices License: DLI, Weights and Measures Bureau, Jack Kane 406 841 2240 or jkane@mt.gov
- Electrical Permit (DLI Electrical Compliance Specialist Tom Petrosky 406 841 2330 or Local Building Department)
- Floodplain Development Permit: Montana Department of Natural Resources and Conservation (DNRC),
- Lakeshore Development Permit (Local Government)
- Mechanical Permit (DLI or Local Building Department)
- Occupational Safety and Health Administration Standards (OSHA 406 247 7494, DLI Occupational Safety and Health Bureau 406 444 6401, or Judy Murphy 406 444 5267)
- Odor Control: Individual county
- Plumbing Permit: (DLI or Local Building Department)

Environmental Considerations

- Above-ground Storage Tank Program (AST) Spill Prevention, Containment, and Control Plan (SPPC), for above ground tanks of 1,320 gallons or more. EPA Jane Nakad, 303-312 6202 (nakad.jane@epa.gov information) or Tillman McAdams, EPA 457 5015 (inspection and enforcement)
- Above-ground Tank Installation: local Fire Marshall or Montana Department of Justice, Fire Marshall's office, 406 444 2050.
- Air Quality Construction and/or Operating Permit (Montana Department of Environmental Quality, DEQ, Howard Haines, 406 841-5252 or Dave Klemp, 406 444 0286)
- Beneficial Water Use Permit, Department of Natural Resources and Conservation (DNRC), Eric Chase 406 444 6810, or Kathy Arndt , 406 444 6862 Water Division, karndt@mt.gov
- Hazardous Air Pollutants and Synthetic Organic Chemical Manufacture Industry (SOCMI) reactor requirements: items relating to fugitive release of chemicals like methanol and reactors producing glycerol/glycerin: Howard Haines, 406 841-5252 or Dave Klemp, 406 444 0286)
- Hazardous Substances Storage Inspection and Operating Permit: DEQ, Bill Rule 406 444 0493 or Ed Thamke, 444 6748 (for underground storage of glycerol byproduct, unreacted catalyst and alcohol for example methanol)
- Hazardous Waste Management Facility: DEQ (Howard Haines 406 841 5252, or Mark Hall 444 4096 mahall@mt.gov)
- Hazardous Waste Reporting Requirements: DEQ, Mark Hall 444 4096 mahall@mt.gov
- Montana Groundwater Pollution Control System (MGWPCS) Permit: DEQ (Bonnie Lovelace 406 444 4969, Howard Haines, 406 841 5252)
- Montana Pollutant Discharge Elimination System (MPDES) Permit: DEQ (Bonnie Lovelace 406 444 4969, Howard Haines, 406 841 5252), and for pre-treatment of industrial discharges, Rosemary Rowe, EPA, 406 457 5020, rowe.rosemary@epa.gov)
- National Pollutant Discharge Elimination System (NPDES) Permit: DEQ, (Tom Ellerhoff, tellerhoff@mt.gov)
- Nonattainment Permitting Requirements: DEQ, Howard Haines, 406 841-5252 or Dave Klemp, 406 444 0286
- Notice of Completion of Grounder Development, Form 602, DNRC, Kathy Arndt, 406 444 6862 Water Division, karndt@mt.gov for using 35 gallons per minute up to 10 acre feet. See Beneficial Use Permit for greater amounts of water.
- Odor Control: Individual County
- PM-10 and PM2.5 Air Quality Standards: DEQ (Howard Haines, 406 841-5252 or Dave Klemp, 406 444 0286)
- Prevention of Significant Deterioration (PSD) Review: DEQ (Howard Haines, 406 841-5252 or Dave Klemp, 406 444 0286)
- Recycling License (if using used fry oil for a feedstock): DEQ (Howard Haines, 406 841-5252 or Colin McCoy, 406 444 9879)
- Solid Waste Management System License: DEQ, (Howard Haines, 406 841-5252 or Colin McCoy, 406 444 9879)
- Stream Protection Act Permit: Montana Department of Fish, Wildlife and Parks (FWP), Doug McDonald, 406 444 3175, dmcDonald@mt.gov
- Streambed and Land Preservation Permit (310 Permit) (normally contact the local conservation district)

Depending on the size and process used at the facility and a detailed written description of the process and plant, Tom Ellerhoff, Montana DEQ, 406 444 6780, tellerhoff@mt.gov can coordinate a meeting between the project developer and program people to advise developers of whether an environmental permit is needed, or if an environmental review, environmental assessment or

environmental impact statement would be needed to comply with the Montana Environmental Policy Act.

Other Considerations:

- Business Assistance and Financing: Montana Department of Commerce (DOC), Business Resources Division, Gary Morehouse, 406 841 2732, gmorehouse@mt.gov) and local government)
- Business Registration, Secretary of State Office, 406 444 3665
- Certificate to Operate and Transport Solid Waste: Montana Public Service Commission (PSC) Wyane Budt, 406 444 6195, issues a certificate to transport used cooking oil for disposal at landfill.
- Commodity Dealer and Commodity Warehouseman's License: Montana Department Agriculture (DOAG), Donna Rise, Chief, Commodities Service Bureau, 406 444 3730, agr@mt.gov web http://agr.state.mt.us/licensing/commodity_dealers.asp
- Distributor and Retailer Tax Incentive: MDT Fuel Tax Management and Analysis Bureau, Vanessa Olson, 406 444 7276, volson@mt.gov
- Electrical Energy Producer's License, DOR
- Electricity Supplier License: PSC, Kate Whitney, Administrator of the Utility Division, 406 444 3056, kwhitney@mt.gov ; a license for non-utility (merchant) generators to supply power or co-generated electricity to customers of Montana utilities like Northwestern Energy.
- Engine and Vehicle Manufacturer's Warranties, and Fuel Producer Liability (summary at NBB, www.biodiesel.org, www.uidaho.edu/bae/biodiesel/warranty.htm or individual manufacturer)
- Feed Dealer's Permit: DOAG, Lynn Jones, License Manager, 406 444 5400, agri@mt.gov, <http://agr.state.mt.us/crops/feed.asp>)
- Food, Drugs, and Cosmetics Program: Department of Public Health and Human Services (DPHHS), Howard Reid, 406 444 5306 hreid@mt.gov, Janet Stetzer 444-5309 (for use of meal as human-grade protein supplement, glycerol in cosmetics or pharmaceuticals, etc.)
- Fire Safety Inspections: Montana Department of Justice (DOJ), State Fire Marshall, 406 444 2050 municipal fire chief, or county Sheriff)
- Inspection and Label Review: DOAG, Andy Gray - Fertilizer / Feed Inspector, 406 444-0512
- Underground Storage Tank Program, DEQ, Bill Rule 406 444 0493 or Ed Thamke, 444 6748
- Used Fry Oil (UFO), restaurant grease, or used cooking oil: DEQ Solid Waste program, Colin McCoy, 406 444 9879, issues Recycling Licenses for used cooking oil to manufacture soap, fuel, or biodiesel.
- US Department of Transportation (DOT) Office of Motor Carrier Safety, Tammy Ross, 449 5304 (needs DOT number if the waste crosses a state line, or 10,000 GVW vehicle).
- Waiver to use uncertified alternative fuels. This includes straight vegetable oil (SVO), and used cooking oil as fuel or E85, and any vehicle modification for use of any of these fuels. Straight vegetable oil as a fuel is not yet certified for use by EPA under the Clean Air Act. Waivers can be obtained for research and demonstration. Contact: Martin Reinemann, EPA Fuels and Vehicle Emissions Center, Ann Arbor, MI, (734) 214-4430, reineman.martin@epa.gov .

Montana Tax Incentives Starting in 2005

Oil Seed Crushing and Biodiesel Production Facility Credit – Investors in qualifying depreciable property used to crush oilseed crops that are used in the production of biodiesel fuel, may qualify for a tax credit equal to 15% of the cost of the investment up to \$500,000. In addition, the investor

can qualify for an additional tax credit equal to 15% of the cost of investing in qualifying depreciable property used to construct and equip a facility to produce biodiesel fuel (15-32-701, 15-32-702 MCA). This credit was extended in the 2007 session. Contact Jim McKeon, Tax Specialist 406-444-1940, Montana Department of Revenue for more information.

Biodiesel Blending and Storage Tank Credit – Special fuel distributors may be eligible to claim a tax credit equal to 15% of the cost of installing depreciable storage and blending equipment that is used to blend biodiesel with petroleum diesel up to a maximum credit of \$52,500. In addition, owners of a motor fuel outlet that has installed depreciable storage and blending equipment that is used to blend biodiesel with petroleum diesel, may be entitled to a tax credit equal to 15% of the cost of installing such equipment up to \$7,500 (15-32-703 MCA). This credit was extended for multiple years in 2007. Contact Jim McKeon, Tax Specialist 406-444-1940, Montana Department of Revenue for more information.

Montana Biodiesel Production Credit: "Biodiesel producer" means a person who engages in the business of producing, refining, or manufacturing biodiesel in Montana for sale, use, or distribution. Licensed producers are eligible for an incentive payment of \$0.10 per gallon of biodiesel produced using Montana agricultural products. Montana's licensed biodiesel producers may claim a Montana Fuel Tax Incentive for increases in annual production the first 3 years of production. The tax incentive under this section applies only to Montana tax-paid biodiesel. The production year is the period from July 1 of the current year to June 30 of the succeeding year. The tax incentive on each gallon of increased biodiesel production over the previous year is 10 cents a gallon for each gallon of increased production. Beginning July 1, 2010, there is no tax incentive. (MCA 15-70-601). The tax incentive may be claimed for:

- (a) The first year's total production;
- (b) The production in the second year that exceeds production in the first year; and
- (c) The production in the third year that exceeds production in the second year.

For more information, contact Vanessa Olson, 406 444 7276, Montana Department of Transportation.

In August 2005, the IRS released a modified guidance document pertaining to the biodiesel excise tax credit. Although this document is not the final rulemaking, it amends the initial guidance document (IRS Notice 2005-4 published in December 2004, by clarifying several specific issues including:

Clarification of what constitutes a "Biodiesel Mixture" (1 gallon of diesel fuel blended into 999 gallons of biodiesel, or "B99.9");

Clarification that a biodiesel mixture includes both dyed and undyed fuel;

Provisions for transfer of certificates by resellers;

Provisions for commingling of biodiesel and agri-biodiesel;

Clarification on eligible feedstocks for agri-biodiesel (includes palm and fish oil);

Clarifications on applicable forms to claim credit and credit calculation;

The document is at <http://nbb.org/news/taxincentive/Biodiesel%20Notice%202005-62.pdf>

This list of contacts is a starting point for the most common biodiesel production and sales operations. It is not a comprehensive final inventory of all items required or regulated in the production and/or sale of biodiesel because all possible production schemes are not available. The above list summarizes known permits, licenses, registrations, incentives, and other matters. We recommend individuals and organizations planning on producing and selling biodiesel contact their local agencies to determine updated information and ongoing changes possibly requiring additional items.